TRINIDAD ARGENTINA CANADA

AVENTURA energy inc.

2001 ANNUAL REPORT

BUILDING ON

INTERNATIONAL

EXPLORATION

SUCCESS

ANNUAL GENERAL AND SPECIAL MEETING

The annual general and special meeting of shareholders will take place on Tuesday, June 4, 2002 at 3:30 pm in the Stephen Room of the Hyatt Regency Hotel, 700 Centre Street South, Calgary, Alberta. All shareholders are invited to attend to hear the formal business and a presentation on the developments in Trinidad. Those unable to attend are encouraged to complete their form of proxy and return it to Valiant Corporate Trust Company.

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CORPORATE PROFILE

Calgary-based Aventura Energy Inc. is an internationally focused public energy company engaged in the exploration for and production of oil and gas in Trinidad, Argentina and Canada. Aventura will continue to focus on Trinidad as it builds on the significant onshore exploratory success experienced in 2001 that resulted in substantial reserve additions and industry-leading finding and development costs. Aventura is committed to an international growth strategy and will continue to actively pursue quality international oil and gas projects in its core areas.

Aventura is listed on the TSX Venture Exchange, under the symbol AVR.

(US $000s, unless otherwise stated)	2001	2000	% Change
FINANCIAL			
Petroleum and natural gas revenues	1,549	1,987	(22)
Cash flow from operations	579	1,239	(53)
Per share ($)	0.005	0.012	(58)
Net (loss) earnings	(141)	459	(131)
Per share ($)	0.000	0.004	(100)
Capital expenditures	6,097	3,514	74
Cash balance	1,905	3,135	(39)
Total assets	14,614	10,175	44
Shareholders' equity	12,914	9,577	35
Common shares outstanding (000s)			
Basic, end of year	128,458	125,308	3
Weighted average	126,186	107,089	18
Fully diluted, end of year	153,746	116,593	32
OPERATIONS			
Production			
Oil and NGLs (bbls/d)	138	134	3
Natural gas (mcf/d)	1,336	1,686	(21)
Total (boe/d)	360	415	(13)
Reserves (proven plus 50% probable)			
Oil and NGLs (mbbls)	4,041	1,261	220
Natural gas (mmcf)	85,540	15,752	443
Total (mboe)	18,298	3,886	371
LAND HOLDINGS - TOTAL COMPANY			
Gross acres	203,027	114,927	77
Net acres	175,624	87,478	101

Throughout this report, barrels of oil equivalent (boe) refers to 6 thousand cubic feet (mcf) equivalent to 1 barrel (bbl) and all financial data is denominated in US dollars, unless otherwise stated.

J. Scott Price
President & Chief Executive Officer

Aventura's commitment to international activity was rewarded in 2001 with the discovery of a world-class gas condensate reserve in Trinidad. This discovery had significant impact on the Company's 2001 reserves and finding costs and has enormous implications for Aventura's future. Proven reserves increased by 330 percent and Aventura had industry-leading proven reserve finding and development costs of only CDN$1.88 per barrel of oil equivalent. Aventura's exploration success in Trinidad is the direct result of its commitment to an international focus and a corroboration of its belief that greater value accrues to shareholders by minimizing finding and development costs through the pursuit of opportunities in less developed basins.

In Trinidad, two wildcat exploration wells, Carapal Ridge-1 and Corosan-1, were drilled on the 111 square kilometre Central Block located in the onshore Southern Basin. Carapal Ridge-1 was a significant gas condensate discovery flowing at gross cumulative test rates of 62.5 million cubic feet per day of gas and 1,652 barrels of condensate per day from a small portion of the net pay. The well has been completed with 534 feet of perforations, large diameter tubing installed, and is shut-in awaiting tie in. Corosan-1 is a gas discovery although significantly smaller than Carapal Ridge-1. Corosan-1 tested at combined gross rates of 8.2 million cubic feet per day of gas.

Aventura, through its wholly owned subsidiary Aventura Energy (Trinidad) Limited, owns a 25 percent non-operated working interest in Central Block commercial developments pending the approval of the State Petroleum Company (Petrotrin) and the Trinidad and Tobago Ministry of Energy and Energy Industries.

Trinidad has an existing and robust internal gas market which was supplied in 2001 with approximately 1.5 billion cubic feet of gas per day. This market is dominated by LNG and petrochemical demand which is rapidly expanding and Aventura is confident that the long-term gas market is favourable. It should be noted that Carapal Ridge has significant development and infrastructure cost advantages relative to other Trinidad gas developments as it is the only significant onshore gas reserve and is 45 kilometres from the Atlantic LNG facility and 35 kilometres from Point Lisas where most of the petrochemical industry is based.

Trinidad is anticipated to be Aventura's focus through an extended testing period, additional exploratory drilling and, ultimately, placing these substantial reserves on stream.

ARGENTINA GAME PLAN

In the fourth quarter of 2001 Aventura, through its wholly owned Argentine subsidiary Petrolera del Comahue, acquired a 100 percent interest in the Cuenca Neuquina A/B and Bajo Hondo blocks located in Argentina's Neuquen basin. These blocks, in combination with Aventura's 90 percent interest in the General Roca and Blanco de los Olivos, cover approximately 700 square kilometres and establish a high potential, core holding for Aventura in the Neuquen basin. However, in light of Argentina's recently well documented economic problems, Aventura has adopted a standstill posture with respect to any further Argentine capital expenditures pending clarity on the economy in general and hydrocarbon fiscal system specifically. None of Aventura's Argentine assets will be impaired in the near term by adopting this position. Capital originally designated for Argentina will be redeployed to Trinidad.

Aventura's Canadian properties continued to provide valuable revenue although less than in 2000 due to natural declines and lower commodity prices. As international revenue increases, Aventura will look to sell these properties and redirect the proceeds into the international arena.

RESERVE GROWTH

In 2001, Aventura changed its evaluation engineers to Gilbert Laustsen Jung Associates, a larger, more widely known, engineering firm. The results of their evaluation show Aventura's significant Trinidad discovery increased reserves dramatically: 330 percent on a proven basis and 500 percent on a proven plus probable basis compared to year end 2000. Trinidad accounts for close to 90 percent of Aventura's 11.2 million barrel oil equivalent proven reserves and the quality of this asset bodes well for future reserve additions.

Reserve growth and net asset value appreciation were hallmarks of 2001 performance, driven by exploration success in Trinidad.

FINANCIAL STRENGTH

Aventura continues to be financially strong. As at March 31, 2002, Aventura had $1 million in working capital, no debt and a CDN $2 million borrowing facility supported by its Canadian properties. In May of 2001, Aventura raised CDN $5.2 million through a non-brokered, private placement of 28.9 million units at CDN $0.18 per unit with each unit consisting of one common share and one common share purchase warrant, entitling the holder to acquire one common share for CDN $0.25 until May 22, 2002. The exercise of these warrants in combination with 2.9 million finance units will provide Aventura with approximately CDN $8.5 million which will more than fund Aventura's contemplated 2002 capital program. The Company's financial strength supports the prudent use of debt whenever appropriate with incremental equity to be raised as required to develop exploratory success or in support of production acquisitions.

COMPETITIVE ADVANTAGES

Aventura has a number of unique characteristics that help address the significant challenges associated with international operations including a strategic alliance with Vermilion Resources Ltd., an intermediate Canadian exploration and production company with current domestic and international production in excess of 26,000 barrels of oil equivalent per day. Vermilion owns 44.6 percent of Aventura's shares on a fully diluted basis. Aventura also has a top-tier, internationally experienced management team, and steady revenue from its Canadian properties that underpins its general and administrative costs and prospecting initiatives. The alliance with Vermilion, and the ability to leverage off their financial strength and technical expertise are major competitive advantages.

OUTLOOK

Aventura is facing the enviable challenge of building on the significant exploratory success it experienced in 2001. Aventura is optimistic that contract and transportation agreements for volumes produced during a six-month test of the Carapal Ridge-1 well will soon be in place allowing the test to commence in the second half of 2002. This test should provide secondary corroboration of the Carapal Ridge reserve volumes and facilitate long-term marketing initiatives that will support field development.

While this multi-month test is underway, Vintage Petroleum, the Central Block operator, will be working in concert with Petrotrin, a 35 percent participant in the Central Block, to identify long-term marketing options. Aventura will also be working with Vintage to select the location for a third exploration well from an extensive prospect inventory. This well is anticipated for the fourth quarter 2002/first quarter 2003. Aventura will continue to pursue exploitation opportunities in Trinidad, and additionally Argentina, should economic stability return to this jurisdiction.

ACKNOWLEDGMENTS

At Aventura we are fortunate to have an exceptional group of dedicated and internationally experienced employees working under the guidance and support of an excellent board of directors. I would like to thank these individuals for their commitment to advancing Aventura's international strategy. I would also like to thank Mr. John Brussa, who is not standing for re-election to the Board, and Mr. David Taylor, who is moving on to pursue other challenges, for their outstanding assistance over the past two-plus years. Finally, I would like to thank our shareholders for their patience and continued support.

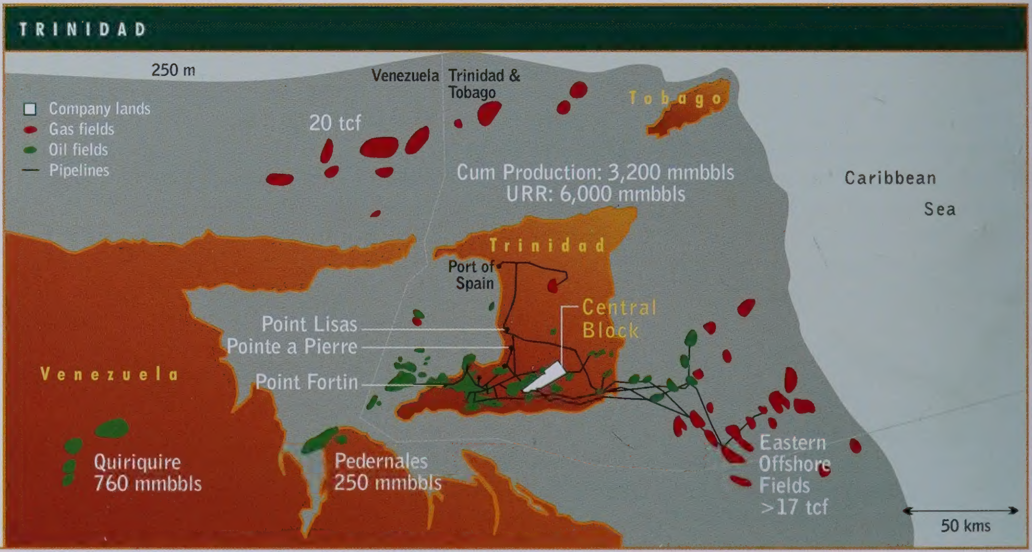
On behalf of the management team and Board of Directors,

J. Scott Price,
President & Chief Executive Officer
April 12, 2002

trinidad

Aventura had an exceptional year in Trinidad, significantly advancing growth in this geopolitically stable core area through its participation in a world class gas condensate discovery. Progress was realized in Argentina, but activity on these prospects will be postponed until there's a resolution to the political and economic crisis that developed in the country during 2001.

Aventura's initiatives in Trinidad were rewarded with a significant natural gas condensate discovery in 2001. Aventura entered Trinidad in February 2000 when its wholly owned subsidiary Aventura Energy (Trinidad) Limited finalized a joint venture arrangement with Cometra Energy (now Vintage Petroleum Inc.) on its farm-in on Petrotrin's onshore Central Block. Under the terms of the farm-out, Vintage is required to pay 100 percent of a minimum work program consisting of seismic and three exploration wells over a 42-month period, to earn a 65 percent development working interest in the Central Block. Aventura has agreed to fund 50 percent of this minimum work program to earn a 25 percent working interest in any developments. Additionally, Aventura will bear 38.5 percent of any costs incurred outside of the minimum work program that are not directly related to specific field development.

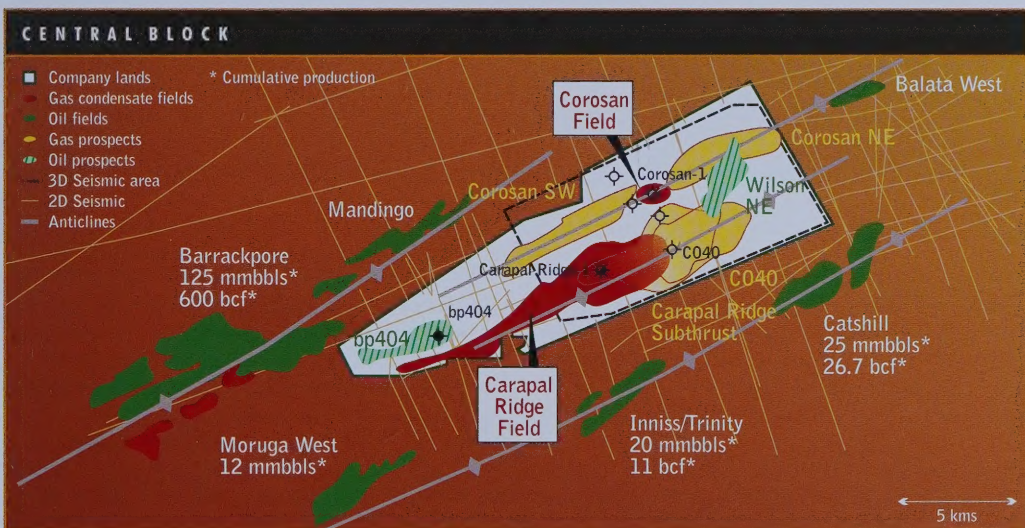


Trinidad, located seven miles off the coast of Venezuela, is part of the earliest history of the world's oil exploration. In 1807, Pitch Lake was the source of tarry oil that was used by Sir Walter Raleigh to caulk ships. Canadian financing and Canadian drilling technology were key to the early commercial development of Trinidad's oil industry through the late 1800s and early 1900s.




It's come a long way . . . the technological developments in Trinidad's oil industry are evident with the fact that a well drilled in 1902 by Canadian drillers and using percussion drilling technology known as the Canadian Pole System took three months to drill a well to a depth of 1,015 feet which produced oil at a rate of 100 barrels per day.

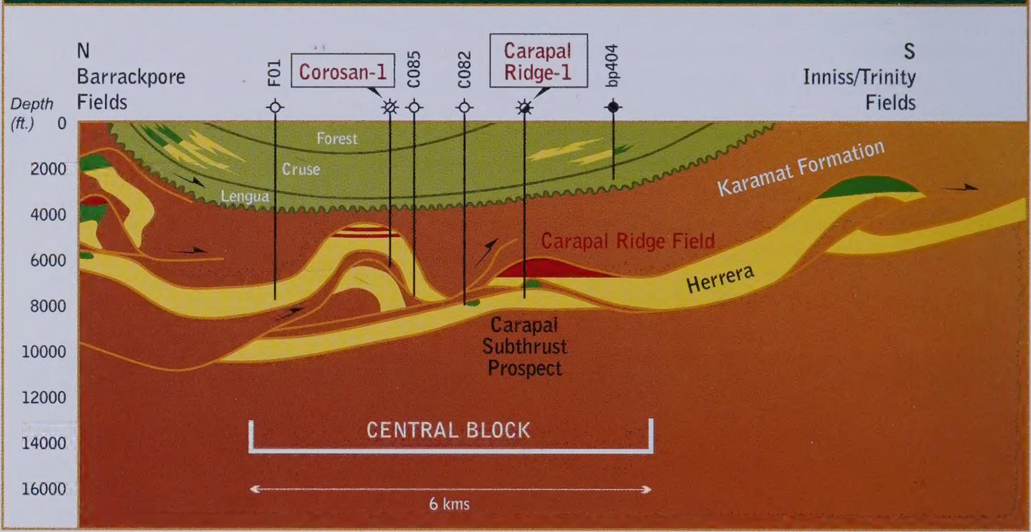
In contrast, the Aventura natural gas condensate discovery was drilled to a depth of 8,828 feet, reaching that depth in under two months. The well initially tested at gross combined rates of 62.5 million cubic feet per day of gas and 1,652 barrels per day of associated liquids.



The Central Block is a highly prospective exploration block covering 111 square kilometres in the center of the prolific onshore Trinidad Southern basin. During 2000, 75 square kilometres of 3D seismic covering the central and eastern portion of the block was acquired and processed. On the back of this seismic, surface geochemistry and an integrated geological/geophysical interpretation, two locations were selected, Carapal Ridge-1 and Corosan-1.

Carapal Ridge-1 was spudded on April 8, 2001 with operations finally complete, following an extensive testing program, on October 17, 2002 at a gross cost of US$6.1 million. The well was a significant gas condensate discovery encountering approximately 2,200 feet of the target middle Miocene Herrera formation within which there was a 937-foot continuous hydrocarbon column. A minimum of 500 feet of net pay is estimated to be within this column, which had no evidence of any hydrocarbon water contacts. Five representative intervals, covering a total of 138 feet of pay, were tested and yielded a cumulative gross rate of 62.5 million cubic feet of gas per day and 1,652 barrels per day of 57 to 64 degree API wellhead condensate. During testing some of the flows were restricted by the smaller diameter tubing test string. The well was completed with 534 feet of perforations within the 937 foot hydrocarbon column, large diameter tubing installed, and has been left in a fully productive state awaiting tie-in.

CENTRAL BLOCK GEOSCHEMATIC



Corosan-1 was spudded on June 15, 2001 with testing operations complete November 18, 2001, at a gross cost of US$4.4 million. The well, although significantly smaller than Carapal Ridge-1, is a discovery, and encountered approximately 2,100 feet of exceptional reservoir quality rock in the target middle Miocene Herrera formation. Although the structure appears to have been breached (no top seal), 80 feet of hydrocarbon pay was encountered in two separate intervals. These two zones tested at a combined gross rate of 8.2 million cubic feet per day of gas from 24 feet of perforations. The well has been suspended for completion at a later date.

It is not surprising that Aventura has an extensive prospect inventory on the Central Block given the extremely petroliferous nature of the Southern Basin and the Carapal Ridge and Corosan discoveries. The Herrera formation in the Central Block is characteristically 2,000+ feet thick and subject to significant folding, faulting and thrusting resulting in repeat sheets and stacked pays. This means individual wells may have multiple targets and that substantial hydrocarbon volumes can be found in a very small area. Aventura has mapped two proven hydrocarbon bearing Herrera high trends along strike with the Carapal Ridge-1 and Corosan-1 discoveries. Four excellent Herrera prospects have been generated on these trends within the 3D seismic area along with two shallower Forest/Wilson formation prospects. Aventura will be working with Vintage to select the location for the third Central Block exploration well from this inventory. This well is currently scheduled for the fourth quarter 2002/first quarter 2003 and will complete the Central Block minimum work obligations.




Aventura is confident that its ability to sell gas in Trinidad in the long term is very favourable. Current gas demand is roughly 1.5 billion cubic feet per day comprised mainly of LNG and petrochemicals demand. The petrochemicals industry, located at Point Lisas, currently consumes roughly 700 million cubic feet per day of gas with another 224 million cubic feet per day of gas demand to come on in the next two years from plants under construction. An additional 370 million cubic feet per day of gas of petrochemical based demand is forecast from projects that are currently awaiting approval or under study. Atlantic LNG, which is located at Point Fortin, currently has one train in operation and two additional trains under construction, the last of which is due on line in Q3 2003. These three trains will consume around 1.4 billion cubic feet of gas per day. A fourth train is currently in the front end engineering and design phase and is forecast to be operational in 2005 and have a gas demand of around 680 million cubic feet per day. It should be noted that Carapal Ridge has significant development and infrastructure cost advantages relative to other Trinidad gas as it is the only significant onshore gas reserve and is only 45 kilometres from the Atlantic LNG facility at Point Fortin and 35 kilometres from the petrochemical industry based at Point Lisas.

In the near term, Aventura is optimistic that contract and transportation agreements for test volumes associated with a planned long term (6 month) test of the Carapal Ridge-1 well will be in place such that the test can commence in the second half of 2002. This test should provide secondary corroboration of the Carpal Ridge reserve volumes and facilitate long-term marketing that will allow for further field development. While this multi-month test is underway, Vintage Petroleum, the Central Block operator, will be working in concert with Petrotrin, a 35 percent Central Block owner, to identify long term marketing options.

Aventura operates under Trinidad's onshore hydrocarbon tax royalty fiscal regime which is expected to result in a favourable sharing of life of project revenue.

The royalties and taxes that will apply to Aventura's projects are:

- A 10 percent royalty and a 3 percent production levy (based on gross revenue with no deductions).

- A sliding scale supplemental petroleum tax (SPT), from zero to 21 percent, tied to the price of oil and the original signing date of the joint venture contract. This tax is applicable only to oil and liquids production and is based on gross revenue less royalty, production levy, 50 percent of geological and geophysical expenses, and 40 percent of development expenses.

- A 50 percent petroleum profits tax and a 5 percent unemployment levy (based on gross revenue with deductions for royalty, production levy, SPT, operating expenses and capital allowances).

Aventura's economic model of the Carapal Ridge field indicates that 39 percent of the total revenue will accrue to the Central Block working interest owners over the life of the project and after all taxes, operating and capital costs.

As well, the commencement of commercial production at Carapal Ridge will lead to significant tax synergies for other onshore opportunities; a synergy that Aventura will look to exploit.

Aventura spent US$5.5 million in Trinidad during 2001 and was rewarded with Trinidad proven reserve additions of 9.9 million barrels of oil equivalent and 23.0 million barrels on a proven plus probable basis which accounts for almost 90 percent of the Company's total reserve base. Trinidad will continue to be Aventura's focus in 2002 with a forecast capital budget of US$4.6 million - almost 100 percent of the Company's capital budget. The challenge for Aventura will be to build on the significant exploratory success of 2001 and expectations are high given the quality of our Trinidad asset base.

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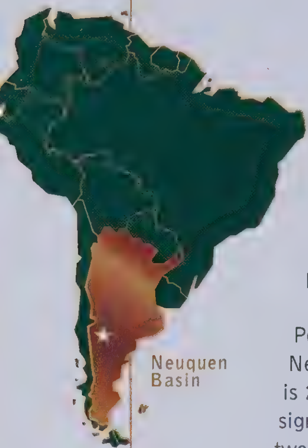


Aventura significantly grew its business in Argentina during 2001. On November 14, 2001, Aventura's wholly owned subsidiary, Petrolera del Comahue, acquired a 100 percent interest in exploration Blocks CN VI A/B (Cuenca Neuquina A/B) and CNQ 35 (Bajo Hondo). Both blocks are located in the Neuquen basin, Argentina's most prolific basin, and were acquired under the Argentine Government's Plan Argentina program through an international public tender. The two blocks encompass approximately 357 square kilometres in the Neuquen basin and have excellent exploration potential with several leads identified containing multiple play types and reservoir objectives. Cuenca Neuquina B contains a noteworthy by-passed oil exploitation opportunity. Comahue is required to obtain a total of 75 square kilometres of 3D seismic over the blocks as well as pay $50,000 Argentine Pesos to the Province of Mendoza.

Petrolera del Comahue acquired a 90 percent working interest in two blocks on the eastern edge of the Neuquen basin, the General Roca and Blanco de los Olivos blocks, in October 2000. The General Roca block is 292 square kilometres in size, is substantially covered by 3D seismic, contains two producing wells, has significant exploration potential and a low risk exploitation opportunity offsetting the prolific GRx-6 well. The two General Roca producing wells flowed at a combined average of 21 barrels of oil per day during 2001. The Blanco de los Olivos block is 66.5 square kilometres in size, completely covered by 3D seismic and contains an excellent mix of exploration and exploitation opportunities.

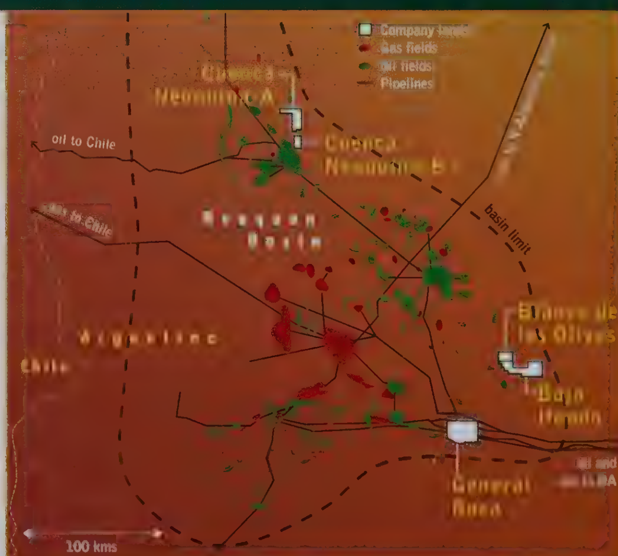
The Province of Rio Negro is reviewing Aventura's offer to purchase its 10 percent interest in the General Roca and Blanco de los Olivos blocks. Initial indications from the Province are favourable. Should this offer be accepted, Aventura would hold 100 percent in these two blocks, which in combination with the recently acquired exploration blocks, establish a core holding for Aventura in the Neuquen basin.

Capital for two wells that had originally been planned for Argentina in 2002 will now be re-deployed to Trinidad. None of Aventura's Argentine assets will be impaired in the near term by postponing development until Argentina's well documented economic problems are resolved.

NEUQUEN BASIN

The Neuquen Basin, in central Argentina, has estimated ultimate recoverable reserves of 3 billion barrels of oil and 21 trillion cubic feet of gas, representing nearly 50 percent of the country's total remaining reserves. The basin has multiple target zones largely within the Jurassic-Cretaceous time period.

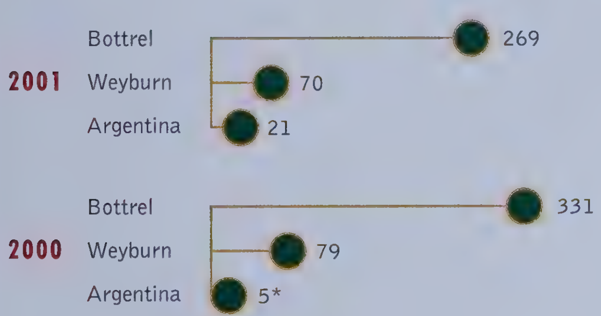
Additional attractive features in the basin: an extensive oil and gas pipeline network, connections to export ports on the Atlantic and Pacific coasts, local refineries in Buenos Aires, and gas pipelines to Chile, Bolivia, Uruguay, and Brazil.



canada

Aventura's Canadian properties continue to provide valuable cash flow, which is used to support the Company's G&A and international prospecting initiatives. Aventura did not spend any significant capital on its Canadian properties in 2001, preferring to fund its international projects. As a result, annual production rates declined 17 percent in 2001 to 339 barrels of oil equivalent per day compared to 2000 production of 410 barrels of oil equivalent per day. The production declines by area were 19 percent at Bottrel and 11 percent at Weyburn. This is indicative of the longer life reserves of the Saskatchewan oil property. In line with its international strategy, as international production increases, Aventura will look to dispose of its Canadian properties with a view to redirecting the sale proceeds into the international arena.

PRODUCTION
(boe/d)



* Argentina assets were purchased in October 2000 which results in a low annualized rate.

RESERVES, FINDING COSTS AND NET ASSET VALUE

Before 2001, Aventura's asset value was driven by its minor interests in producing properties in Canada and its interests in Argentina, with little value assigned to the Trinidad exploration prospect. Then, in 2001, Aventura drilled the two successful exploration wells and its reserves, finding costs and net asset value were all significantly affected. Aventura's reserves base and asset value are now represented approximately 90 percent by Trinidad, indicating the size and impact of the Trinidad discoveries on the Company.

Given Trinidad's disproportionate weighting in Aventura's total reserves, the valuation basis behind these Trinidad reserves is very important. Aventura's third party engineering assessment was completed by Gilbert Laustsen Jung Ltd. ("GLJ"), a large, widely known firm. GLJ's valuation utilized a gas market off-take profile and pricing provided by Aventura's management, which was based on its understanding of the on-island market. Although there is near-term uncertainty with respect to market elasticity and pricing, management is confident that the long-term outlook for the Trinidad gas market is very favourable.

Reserve Reconciliation (proven)

	Oil (mbbls)	NGLs (mbbls)	Natural Gas (mmcf)	Total (mboe)
Canada				
December 31,2000	210	99	2,441	716
Production	(25)	(18)	(488)	(124)
Additions	-	-	-	-
Acquisitions	-	-	-	-
Revisions	(32)	(6)	(93)	(55)
December 31,2001	153	75	1,860	537
Argentina				
December 31,2000	547		3,583	1,144
Production	(8)	-	-	(8)
Additions	-	-	-	-
Acquisitions	-	-	-	-
Revisions	5	-	(2,093)	(344)
December 31,2001	544	-	1,490	792
Trinidad				
December 31,2000	-	-	-	-
Production	-	-	-	-
Additions	-	1,770	48,500	9,850
Acquisitions	-	-	-	-
Revisions	-	-	-	-
December 31,2001	-	1,770	48,500	9,850
Combined				
December 31,2000	757	99	6,024	1,860
Production	(33)	(18)	(488)	(132)
Additions	-	1,770	48,500	9,850
Acquisitions	-	-	-	-
Revisions	(27)	(6)	(2,186)	(399)
December 31,2001	697	1,845	51,850	11,179

Reserves Summary (as of January 1, 2002, interests net to Aventura, after tax)

	Oil[1] (mbbls)	Gas[1] (mmcf)	NGLs[1] (mbbls)	NPV at 8%[2] (US$000s)	NPV at 12%[2] (US$000s)	BOE (mbbls)
Canada[3]						
Proven producing	153	1,800	71	4,500	3,881	525
Proven non-producing	0	60	4	119	106	12
Total proven	153	1,860	75	4,619	3,987	537
Probable	86	650	29	1,000	688	224
Proven + probable	239	2,510	104	5,619	4,675	761
Proven + 50% probable	196	2,180	89	5,119	4,331	649
Argentina[4]						
Proven producing	-	-	-	-	-	-
Proven non-producing	544	1,490	-	1,277	910	792
Total proven	544	1,490	-	1,277	910	792
Probable	485	1,930	-	2,611	2,230	807
Proven + probable	1,029	3,420	-	3,888	3,140	1,599
Proven + 50% probable	786	2,460	-	2,582	2,025	1,195
Trinidad						
Proven producing	-	-	-	-	-	-
Proven non-producing	-	48,500	1,770	29,000	25,100	9,850
Total proven	-	48,500	1,770	29,000	25,100	9,850
Probable	-	64,800	2,400	28,400	21,000	13,190
Proven + probable	-	113,300	4,170	57,400	46,100	23,040
Proven + 50% probable	-	80,900	2,970	43,200	35,600	16,450
Combined						
Proven producing	153	1,800	71	4,500	3,881	525
Proven non-producing	544	50,050	1,774	30,396	26,116	10,654
Total proven	697	51,850	1,845	34,896	29,997	11,179
Probable	571	67,380	2,429	32,011	23,918	14,221
Proven + probable	1,268	119,230	4,274	66,907	53,915	25,400
Proven+ 50% probable	982	85,540	3,059	50,901	41,956	18,294

(1) Reserve volumes are net to Aventura before royalties.

(2) International asset values shown are fully taxed. Valuation is based on WTI of $20.00 per barrel for 2002, $21.00 flat for the next three years, escalating at 1.5% per annum thereafter. Canadian gas price is based on AECO CDN $4.30 per mmbtu for 2002, rising to $4.95 by 2012, escalating at 1.5% per annum thereafter. Argentine gas price is based on $1.35 per mcf escalating at 1.5% per annum. Trinidad gas price is based on $1.30 per mcf escalating at 1.5% per annum.

(3) Canadian net present values are before tax and converted from Canadian to US$ at the current exchange rate of US$ = 1.60 CDN$.

(4) Due to the current unsettled nature of Argentina's hydrocarbon fiscal system, the historic petroleum fiscal system was utilized to calculate Argentina after tax values.

2001 Finding and Development Costs[1]

	(US$/boe)		(CDN$/boe)	
	Proven	Proven + Probable	Proven	Proven + Probable
Total Company	1.20	0.58	1.88	0.91
Trinidad - only	1.13	0.53	1.81	0.85

(1) Development costs are inclusive of all estimated future development costs.

Net Asset Value (as at January 1, 2002, after tax)

	(US$/boe)		(CDN$/boe)	
	NPV at 8%	NPV at 12%	NPV at 8%	NPV at 12%
Proven + 50% probable[2]	50,901	41,956	81,442	67,130
Undeveloped land[3]	37,060	27,726	59,296	44,361
Seismic	493	493	789	789
Total debt and working capital	1,142	1,142	1,828	1,828
Exercise of warrants and stock options	7,275	7,275	11,641	11,641
Net asset value	96,871	78,592	154,996	125,749
Net asset value per share - diluted[4]	0.48	0.39	0.76	0.62

(1) Canadian net present values are pre-tax and converted from Canadian to US$ at the current exchange rate of US$ = 1.60 CDN$.
(2) International established reserve values are fully taxed. Canadian established reserve values are pre-tax.
(3) The undeveloped land value is based on management's internal assessment of the fully taxed Estimated Monetary Value ("EMV") of the well-defined Trinidad prospect inventory which is supported by GLJ as the internationally accepted methodology for valuing undeveloped land. EMV is a methodology for valuing prospects and for any given prospect is equal to the net present value of success of the prospect multiplied by the probability of success of the prospect less the cost of failure multiplied by the probability of failure. Management has intentionally taken a very conservative view in arriving at the undeveloped land value by decreasing the probability of success on each prospect and by dropping the unit values in any success scenario. While Aventura holds a substantial prospect inventory on its Argentine lands, given the current Argentine economic situation, no Argentine EMV has been included.
(4) Aventura fully diluted shares = 203,305,614.

Given that the international asset values are provided on a fully taxed basis, and that a low risk royalty asset dominates the Canadian assets, management believes that an 8 percent discount factor is appropriate with the exception of the undeveloped land, where a 12 percent discount factor is more appropriate.

Barry B. Larson
Vice President Operations and Production

Blair Anderson
Manager, Geoscience

Marty Wares
Controller

Mônica Nogueire De Sá
Office Coordinator

MANAGEMENT'S DISCUSSION AND ANALYSIS

Aventura had a very successful year in 2001 due to the significant discovery in Trinidad. However, reduced revenue and cash flow was experienced in comparison to 2000 due to normal production declines. Canadian revenue continued to provide valuable support for Aventura's general and administrative costs and international prospecting initiatives.

This discussion should be read in conjunction with the Consolidated Financial Statements and related notes that follow this section. As the Company's operations are principally international and are primarily denominated in United States dollars, the Company has chosen to report in United States dollars. The financial information herein stated is expressed in United States dollars unless otherwise noted. Natural gas is reported in barrels of oil equivalent (boe) using a conversion rate of 6 thousand cubic feet (mcf) to 1 barrel.

PRODUCTION IN 2001

In 2001, the Company's average daily production decreased to 360 barrels of oil equivalent, a 13 percent decrease over the 2000 rate of 415 barrels of oil equivalent per day. Average oil and liquids production for 2001 increased three percent to 138 barrels per day with the contribution of a full year's production from Argentina. Fourth quarter production rates for 2001 were 319 barrels of oil equivalent per day, consisting of 124 barrels per day of oil and liquids and 1.2 million cubic feet per day of gas. The comparable fourth quarter 2000 production was 146 barrels of oil per day and 1.8 million cubic feet of gas per day.

Domestic Production

Canadian production decreased due to natural production declines of the Bottrel and Weyburn fields. Bottrel averaged 269 barrels of oil equivalent per day compared to the 2000 annual rate of 331 barrels of oil equivalent per day. The Bottrel 2001 daily production consisted of 1.3 million cubic feet of gas and 49 barrels of natural gas liquids. Domestic working interest oil production averaged 70 barrels per day in 2001 compared to 79 barrels in 2000.

International

The international production increase is attributable to a full year of production during 2001 from our Argentine subsidiary Petolera del Comahue of 21 barrels of oil per day. The subsidiary was acquired October 2000, and produced 25 barrels of oil per day in the fourth quarter of 2000.

Annual Production Rates

(boe/d)	2001	2000	% Change
Canada			
Bottrel	269	331	(19)
Weyburn	70	79	(11)
Argentina	21	5*	
Total Company	360	415	(13)

*Argentina assets were purchased in October 2000 which results in a low annualized production rate.

REVENUE

Petroleum and natural gas revenue declined by 22 percent to $1,549,287 in 2001, due to decreased gas production and lower commodity prices. Royalty interest gas prices before processing deductions averaged $1.82 per thousand cubic feet for 2001 compared to $1.94 in 2000. Oil and natural gas liquid prices in Canada averaged $21.66 and $16.05 per barrel, respectively, in 2001. The comparable prices in 2000 were $26.27 and $20.60 per barrel. Gas sales declined 32 percent to $554,000 in 2001 due to the combination of a 21 percent production decrease and lower gas prices. Oil and liquid sales totaled $995,000 for 2001 a 15 percent decrease over 2000, all the result of lower oil pricing.

Revenue in 2000 included a non-reccurring gain of $249,000 from the sale of the Company's interest in Mora Oil Ventures Limited. Interest income from surplus cash balances was approximately $135,000 for both 2001 and 2000.

ROYALTIES

Royalties in 2001 were $107,000 compared to $98,000 in 2000. Royalties, as a percentage of sales, excluding the Bottrel royalty income, were 15.4 percent in 2001 compared to 12.6 percent in the prior year. The increased percentage reflects higher royalty rates of 20 percent associated with the Argentina production.

PRODUCTION EXPENSES AND NET OPERATING INCOME

Production expenses increased by 94 percent to $285,001 in 2001 from $146,932 in 2000. On a per unit basis, operating costs increased to $8.57 per barrel of oil equivalent in 2001 from $4.81 in 2000. The 78 percent increase was due to higher operating costs on Argentina activities at $20.23 per barrel of oil equivalent for 2001. The operating costs in Canada increased 17 percent in 2001.

Net operating income for 2001 totaled $1,157,256, a 34 percent decrease over the 2000 total of $1,742,394. The decrease reflects the reduction of Bottrel royalty income in 2001 by 31 percent due to both production declines and diminished commodity prices.

Operating Revenue Analysis

	2001	2000	% Change
Oil and gas sales	$ 705,927	$ 772,916	(9)
Royalty income	843,360	1,214,222	(31)
Royalties	(107,030)	(97,812)	9
Net revenue	1,442,257	1,889,326	(24)
Production expenses	285,001	146,932	94
Net operating income	$ 1,157,256	$ 1,742,394	(34)

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative costs in 2001 were $431,472 compared to $461,580 in 2000. Due to the exploration component of Aventura's activities, $365,233 of overhead costs were capitalized during 2001 ($352,635 in 2000). As the result of increased activity in both Argentina and Trinidad in 2001, administrative expenses totaling $92,000 were incurred in these jurisdictions.

FOREIGN EXCHANGE

The incurred foreign exchange losses of $159,966 and $109,927 in 2001 and 2000, respectively were the result of a decline in the Canadian dollar relative to the United States dollar for each of the fiscal time periods. To minimize the risk of exchange losses in the future, the Company plans to carry surplus cash balances in United States dollars.

DEPLETION AND DEPRECIATION

Depletion and depreciation expenses were $576,275 in 2001, a 23 percent decrease over the 2000 total of $746,025. The decrease reflects a 15 percent decline in production volumes. The DD&A rate per barrel of oil equivalent in 2001 was $4.38 versus the 2000 value of $4.91. The 2001 depletion calculation includes $2,775,000 of future capital expenditures to develop the Company's reserves but excludes $8,757,000 of unproved properties. The petroleum and natural gas assets in Trinidad are considered unproven properties from a depletion perspective until they become productive.

INCOME TAXES

The Company's tax provision for 2001 consists of $122,000 in current taxes and $144,000 for a future tax provision. At year-end 2001, Aventura had Canadian tax pools of $2,800,000 and foreign tax pools of $8,200,000. The majority of the Company's Canadian tax write-offs are COGPE which has a 10 percent annual deduction rate resulting in Aventura being cash taxable in both 2001 and 2000.

CASH FLOW

Cash flow from operations decreased to $579,472 or $0.005 per share in 2001, from a cash flow of $1,239,452 or $0.012 per share in 2000. The reduction was due to decreased oil sales and royalty income.

NET EARNINGS

The net loss for 2001 was $(140,809) or nil per share compared to 2000 net earnings of $459,210 or $0.004 per share. The reduction in earnings before income taxes for 2001 was the result of lower petroleum and natural gas revenues, higher production expenses as well as a gain on sale of investment of $249,000 in 2000. The net loss for 2001 includes an income tax provision of $267,000 compared to the income tax expense of $347,000 for 2000.

CAPITAL EXPENDITURES

Net capital expenditures in 2001 increased 52 percent to $6,097,000 from the prior year's $4,011,000. During the year, Aventura incurred approximately $4,800,000 on the Trinidad Central Block, two-well drilling program. In 2000, $2,124,000 was spent on the Central Block's seismic project. On October 12, 2000, the Company acquired Petrolera del Comahue S.A. ("Comahue") for $500,000 cash and the issue of common shares valued at $164,000.The following graphs and table detail the capital expenditures by year and geographic location and illustrates how the Company's activities are internationally focused with an emphasis on Trinidad.

2000 $4.0 million

2001 $6.1 million

2002f $5.1 million

Capital Expenditures

($000s)	2002f	2001	2000
Trinidad			
Geological and geophysical	450	481	2,124
Drilling and completion	3,000	4,519	-
Tangible and other costs	1,175	476	127
	4,625	5,476	2,251
Argentina			
Tangible and other costs	125	249	153
Comahue acquisition assigned to capital assets	-	-	997
	125	249	1,150
Canada			
Drilling and completion	-	-	228
Tangible and other costs	375	372	382
	375	372	610
Total capital expenditures	5,125	6,097	4,011

EQUITY

On May 22, 2001, the Company issued 28,888,847 special warrants at a price of CDN$0.18 per special warrant for gross proceeds of CDN$5,199,992. Each special warrant entitles the holder to acquire, at no additional cost, one common share and one warrant. Each warrant will entitle the holder to acquire one common share at a price of CDN$0.25 up to May 22, 2002. During the year, Aventura issued an additional 3,150,000 shares for the conversion of warrants and the exercise of stock options and raised CDN$315,000.

At year-end 2001, Aventura had 128.46 million shares and 28.89 million special warrants outstanding. Including the special warrants and 11.27 million options (5.81 million vested at December 31,2001), Aventura's weighted average fully diluted number of shares at December 31,2001 is 153.75 million. During 2001, 58.0 million Aventura shares traded on the Canadian Venture Exchange (now TSX Venture Exchange) with a high of CDN$0.72 per share, a low of CDN$0.14 per share and a closing price of CDN$0.36 per share. Aventura's market capitalization at December 31,2001 was CDN$56,645,000.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, Aventura had working capital of $1,152,000, no debt and a bank credit facility of CDN$2,000,000. One hundred percent of this facility is available for Canadian operations while 50 percent is available for international operations. Based upon the current market price of Aventura stock, we anticipate that all the common share purchase warrants and finance warrants will be exercised by May 2002 resulting in cash proceeds of approximately CDN$8,500,000. These funds will be more than sufficient to cover anticipated 2002 capital expenditures.

QUARTERLY SUMMARY

	2001				2000			
(US$000s, unless otherwise stated)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross revenue	529	413	353	283	473	673	544	581
Cash flow from operations	152	310	31	86	328	248	332	331
Cash flow per share ($)	0.001	0.003	0.000	0.001	0.005	0.003	0.003	0.003
Net earnings (loss)	(27)	128	(108)	(134)	60	206	74	119
Earnings (loss) per share ($)	0.000	0.001	(0.001)	(0.001)	0.001	0.002	0.001	0.001
Total assets	10,180	14,028	13,890	14,614	7,657	7,882	9,464	10,175
Weighted average common shares (000s)	125,388	125,398	125,556	126,186	71,329	92,308	101,002	107,089

BUSINESS RISKS

In its daily operations, Aventura assumes risks, which include production operations, uncertainty of reserve size, country/political instability, foreign exchange, availability of and access to markets, economic volatility and environmental issues.

Aventura manages these risks by:

- Employing highly trained and competent management and staff;
- Prudently managing timing and amounts of capital investment, in response to internal and external conditions;
- Utilizing state of the art technology;
- Pursuing opportunities in politically stable and fiscally attractive countries with proven, prolific hydrocarbon basins;
- Maintaining strong strategic alliances with its major shareholder, Vermilion Resources, a public independent intermediate Canadian oil and gas company and with Avenir Capital, a venture capital firm and significant shareholder;
- Utilizing derivatives where appropriate to provide certainty of cash flow;
- Maintaining prudent levels of insurance; and
- Maintaining and surpassing compliance with all environmental legislation and working with governmental agencies to maintain this level of compliance.

The financial statements of Aventura Energy Inc. were prepared by management in accordance with accounting principles generally accepted in Canada. The financial and operating information presented in this annual report is consistent with that shown in the financial statements.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and to facilitate the preparation of reliable and timely financial statements for reporting purposes. Timely disclosure requires the use of estimates when transactions affecting the current accounting period cannot be finalized or known for certain until future periods. Such estimates are based on judgements made by management using all relevant information known at the time.

External auditors, Deloitte & Touche LLP, appointed by the shareholders have conducted an independent examination of the corporate and accounting records in order to express their opinion on the financial statements. The Audit Committee of the Board of Directors, which consists of non-management directors, has reviewed the financial statements with management and the external auditors. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

J. Scott Price
President & Chief Executive Officer

AUDITORS' REPORT TO SHAREHOLDERS

To the Shareholders of Aventura Energy Inc.:

We have audited the consolidated balance sheets of Aventura Energy Inc. as at December 31, 2001 and 2000 and the consolidated statements of (loss) earnings and retained earnings and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Calgary, Alberta
February 15, 2002

(expressed in united states dollars)

Years ended December 31	2001	2000
REVENUE		
Petroleum and natural gas revenues	$ 1,549,287	$ 1,987,138
Less royalties, net of ARTC	(107,030)	(97,812)
	1,442,257	1,889,326
Gain on sale of investment	-	248,996
Interest and other income	136,150	132,527
	1,578,407	2,270,849
EXPENSES		
Production	285,001	146,932
General and administrative (Note 3)	431,472	461,580
Foreign exchange	159,966	109,927
Depletion and depreciation	576,275	746,025
	1,452,714	1,464,464
EARNINGS BEFORE INCOME TAXES	125,693	806,385
PROVISION FOR INCOME TAXES		
Current	122,496	80,794
Future (Note 7)	144,006	266,381
	266,502	347,175
NET (LOSS) EARNINGS	(140,809)	459,210
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	447,597	(11,613)
RETAINED EARNINGS, END OF YEAR	$ 306,788	$ 447,597
Earnings (loss) per share (Note 6)		
Basic	$ (0.000)	$ 0.004
Diluted	$ (0.000)	$ 0.004

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(expressed in united states dollars)

December 31	2001	2000
ASSETS		
CURRENT		
Cash and cash equivalents	$ 1,905,229	$ 3,134,868
Accounts receivable (Note 9)	499,040	406,158
Prepaid expenses	73,729	25,651
	2,477,998	3,566,677
Capital assets (Note 3)	12,135,931	6,608,601
	$ 14,613,929	$ 10,175,278
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 1,325,638	$ 374,464
Provision for future site restoration	34,455	27,549
Future income taxes (Note 7)	339,950	195,944
	1,700,043	597,957
SHAREHOLDERS' EQUITY		
Share capital (Note 5(b))	9,315,371	9,129,724
Special warrants (Note 5(c))	3,291,727	-
Retained earnings	306,788	447,597
	12,913,886	9,577,321
	$ 14,613,929	$ 10,175,278

Approved by the Board,

J. Scott Price
Director

Jeffrey . Boyce
Director

See accompanying notes to the consolidated financial statements.

(expressed in united states dollars)

Years ended December 31	2001	2000
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATIONS		
Net (loss) earnings	$ (140,809)	$ 459,210
Depletion and depreciation	576,275	746,025
Gain on sale of investment	-	(248,996)
Write-off of loan receivable	-	16,832
Future income taxes	144,006	266,381
Cash flow from operations	579,472	1,239,452
Changes in non-cash working capital	810,214	113,624
	1,389,686	1,353,076
FINANCING		
Issue of special warrants	3,381,009	-
Issue of share capital	201,917	1,528,752
Employee loans, net	(105,552)	-
	3,477,374	1,528,752
INVESTING		
Net capital asset additions	(6,096,699)	(3,014,131)
Acquisition of Petrolera del Comahue S. A. (Note 2)	-	(500,000)
Proceeds from sale of investment	-	248,996
	(6,096,699)	(3,265,135)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,229,639)	(383,307)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,134,868	3,518,175
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,905,229	$ 3,134,868
Represented by:		
Balances with banks	$ 1,151,154	$ 110,968
Bankers' acceptances	754,075	3,023,900
	$ 1,905,229	$ 3,134,868
Cash flow from operations per share (Note 6)		
Basic	$ 0.005	$ 0.012
Diluted	$ 0.003	$ 0.011

See accompanying notes to the consolidated financial statements.

(expressed in united states dollars, unless otherwise stated)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Aventura Energy Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies.

Company activities

The Company's business activities consist of exploration for and development of oil and gas properties.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned.

Foreign currency translation

As the Company's operations are principally international and are primarily denominated in United States dollars and will continue to be in the future, the Company has chosen to report in United States dollars. Prior year's consolidated financial statements previously expressed in Canadian dollars have been translated to United States dollars, retroactively at December 31, 1999, using the temporal method of translation.

Subsequent to December 31, 1999, foreign currency amounts are expressed in United States dollars using the temporal method as follows:

- monetary assets and liabilities translated at the rates of exchange prevailing at the balance sheet date;
- non-monetary assets, liabilities and related depreciation and depletion expense are translated at historic rates;
- sales, other revenue, royalties and all other expenses are translated at the average rates of exchange during the month they are recognized.

Any resulting foreign exchange gains or loss are included in earnings.

Petroleum and natural gas operations

The Company uses the full-cost method of accounting for petroleum and natural gas operations and, accordingly, capitalizes all exploration and development costs on a country-by-country basis. These costs include land acquisition, geological and geophysical costs, drilling (including related overhead) on producing and non-producing properties and other carrying charges on unproven properties. Proceeds of disposition are applied against the cost pools with no gain or loss recognized except where the disposition results in a significant change in the rate of the depletion and depreciation.

Depletion and depreciation of these costs is done on a country-by-country basis and is calculated on the unit-of-production method based on estimated proven reserves, before royalties, as determined by independent engineers. For purposes of depletion and depreciation calculations, oil and gas reserves are converted to a common unit of measure on the basis of six thousand cubic feet of natural gas to one barrel of oil.

The costs of significant unproved properties are excluded from the depletion and depreciation base until it is determined whether proved reserves are attributable to the properties, or if impairment has occurred.

The carrying values of petroleum and natural gas properties is limited to the recoverable amount as determined by estimating the undiscounted future net revenues from proven properties based on current prices and costs and the value of unproven properties at the lower of cost and net realizable value less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

(expressed in united states dollars, unless otherwise stated)

Other equipment

Other equipment is depreciated using the declining-balance method at rates ranging from 20% to 100% per annum.

Future site restoration and abandonment costs

The Company estimates its future site restoration and abandonment costs for its oil and gas properties. The costs represent management's best estimate of the future site restoration and abandonment costs based upon current legislation and industry practices. Total estimated costs are being provided for on a unit-of-production basis. The annual provision is included in depletion expense and actual future site restoration and abandonment costs are charged to the account as incurred.

Joint interests

Substantially all of the exploration and production activities of the Company are conducted jointly with others and, accordingly, these consolidated financial statements reflect only the Company's proportionate interest in such activities.

Measurement uncertainty

The amounts recorded for depletion and depreciation of capital assets, the provision for site restoration and abandonment costs and amounts used for ceiling test calculations are based on estimates of reserves and future costs. The Company's reserve estimates are reviewed annually by an independent engineering firm. These estimates of reserves and related future cash flows are subject to measurement uncertainty and the impact on the financial statements of changes in such estimates in future periods could be material.

Cash and cash equivalents

Cash and cash equivalents include investments with a maturity of three months or less when purchased.

Stock options

The Company has a stock option plan as described in Note 5(g). No compensation expense is recognized when stock options are issued to officers, directors, consultants and employees. Consideration paid by the officers, directors, consultants and employees on exercise of stock options is credited to share capital.

Income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Temporary differences arising on acquisitions result in future income tax liabilities or assets.

Risk management

The Company purchases forward contracts to hedge its exposure to the risks associated with fluctuating oil prices. Gains and losses associated with risk management activities are recognized as adjustments to production revenue at the time the related production is sold.

Per share amounts

Net earnings (loss) and cash flow from operations per share are calculated using the weighted average number of shares outstanding during the year. Diluted net earnings (loss) and cash flow from operations per share are calculated using the treasury stock method to determine the dilutive effect of stock options. The treasury stock method assumes that the proceeds received from the exercise of "in the money" stock options are used to repurchase common shares at the average market rate for the period.

(expressed in united states dollars, unless otherwise stated)

2. ACQUISITION

Effective October 12, 2000, the Company acquired all the outstanding shares of Petrolera del Comahue S. A. ("Comahue"), a private Argentine petroleum company. The acquisition has been accounted for by the purchase method of accounting as follows:

Net assets acquired:	
Current assets	$ 71,086
Capital assets	1,009,542
Current liabilities	(68,078)
Future income taxes	(349,000)
	$ 663,550

Consideration paid:	
Cash	$ 500,000
Issue of 1,500,000 shares at a value of CDN$0.16 per share	163,550
	$ 663,550

3. CAPITAL ASSETS

	Cost	Accumulated Depletion and Depreciation	Net Book Value
2001			
Petroleum and natural gas properties	$ 13,473,372	$ 1,763,796	$ 11,709,576
Lease and well equipment	534,103	174,765	359,338
Furniture and other equipment	146,028	79,011	67,017
	$ 14,153,503	$ 2,017,572	$ 12,135,931
2000			
Petroleum and natural gas properties	$ 7,669,388	$ 1,230,719	$ 6,438,669
Lease and well equipment	247,874	162,925	84,949
Furniture and other equipment	139,542	54,559	84,983
	$ 8,056,804	$ 1,448,203	$ 6,608,601

As at December 31, 2001, costs of $8,757,007 (2000 - $3,064,372) for unproved properties have been excluded from the depletion and depreciation calculation. During the year, the Company capitalized $365,233 (2000 - $352,635) of overhead costs related to exploration and development activities.

The provision for future site restoration and abandonment costs is recorded in the consolidated statement of earnings (loss) as a component of depletion and depreciation and on the consolidated balance sheet as a long-term liability. Future site restoration and abandonment costs are estimated to be $66,419 (2000 - $68,989) of which, $6,906 (2000 - $5,432) has been charged to operations.

4. BANK CREDIT FACILITY

The Company has an undrawn CDN$2,000,000 revolving operating demand credit facility with a Canadian chartered bank, of which 100% can be used for domestic activities and up to 50% can be used to finance international operations. The facility requires monthly interest payments, subject to the bank's right of demand and availability, and interest is charged at the bank's prime rate plus 1 1/4% per annum. The facility is secured by a general assignment of book debts, a CDN$5,000,000 debenture with a floating charge over all assets and a fixed charge on certain properties, an assignment of insurance and an assignment of revenue from certain properties.

(expressed in united states dollars, unless otherwise stated)

5. SHARE CAPITAL

a) Authorized
Unlimited number of common voting shares
Unlimited number of preferred shares in series

b) Issued
Common shares

	2001		2000	
	Number of Shares	Amount	Number of Shares	Amount
Opening balance	125,307,920	$ 9,197,025	7,223,920	$ 499,025
Conversion of special warrants into common shares	500,000	31,742	106,064,000	7,005,698
Issued for cash	-	-	10,500,000	1,527,444
Issued on acquisition of Comahue (Note 2)	-	-	1,500,000	163,550
Issued on exercise of stock options	650,000	42,685	20,000	1,308
Conversion of common share purchase warrants into common shares	2,000,000	127,490	-	-
	128,457,920	$ 9,398,942	125,307,920	$ 9,197,025
Less loans receivable for purchase of shares (Note 5(d))	-	83,571	-	67,301
Ending balance	128,457,920	$ 9,315,371	125,307,920	$ 9,129,724

c) Special warrants

	Number of Warrants	Amount
Balance, December 31, 1999	106,064,000	$10,447,248
Conversion of special warrants into common shares	(106,064,000)	(10,447,248)
Balance, December 31, 2000	-	-
Issued for cash	28,888,847	3,381,009
Less loan receivable for purchase of special warrants	-	89,282
Balance, December 31, 2001	28,888,847	$ 3,291,727

On May 22, 2001, the Company closed a private offering of 28,888,847 special warrants at a price of CDN$0.18 per special warrant, for aggregate gross proceeds of $3,381,009. Each special warrant entitles the holder thereof to acquire, at no additional cost, one Aventura Common Share ("Common Share") and one Common Share Purchase Warrant ("Warrant"). Each Warrant will entitle the holder thereof to acquire one Common Share at a price of CDN$0.25 for a period of 12 months from the date of closing.

In addition, the Company also issued 2,900,000 Finance Warrants ("Finance Warrants"), each Finance Warrant will entitle the holder thereof to acquire, at no additional cost, one Finance Option ("Finance Option"). Each Finance Option will entitle the holder thereof to acquire one Common Share and one Warrant at a price of CDN$0.18 for a period of 12 months from the date of closing. Each Warrant issued on exercise of the finance options will entitle the holder thereof to acquire one Common Share at a price of CDN$0.25 for a period of 12 months from the date of closing. 800,000 of the Finance Warrants were issued to a corporation whose president is a director of the Company. The remaining 2,100,000 Finance Warrants were issued to a corporation who has a significant shareholding in the Company and whose president is also a director of the Company.

In February 2000, 106,064,000 Common Shares were issued on the exercise of 106,064,000 special warrants.

d) Loans were provided from the Company to officers in the aggregate amount of $84,133 pursuant to Loan Agreements dated October 18, 1999 for the acquisition of special warrants (Note 5(c)). The loans bear interest at 7.25% per annum, are due October 18, 2002 and are secured by a pledge of the special warrants (and the common shares into which such special warrants are convertible) acquired with the loan proceeds. During 2000, a loan to an ex-officer for $16,832 was written off by the Company. No interest was charged to the officers for the period October 18, 1999 to December 31, 2001. An additional loan of $16,270 was provided to an officer of the Company to purchase common stocks of the Company. The loan bears interest at 7.25% per annum and is due March 1, 2003 and is secured by a pledge of the common shares. These loans have been shown as a reduction in share capital.

   Additional loans were provided from the Company to officers in the aggregate amount of $99,259 pursuant to Loan Agreements dated May 15, 2001 for the acquisition of the special warrants issued on May 22, 2001. The loans bear interest at 6.5% per annum, are due May 15, 2005 and are secured by a pledge of the special warrants (and the common shares into which such special warrants are convertible) acquired with the loan proceeds. Interest is charged quarterly on the loans and principal payments are made monthly based on a 48 month term.

e) On October 20, 1999, the Company issued 2,000,000 common share purchase warrants, each warrant entitling the holder thereof to acquire one common share at a price of $0.10 per share for a period of two years from the date of issuance. 1,000,000 of the warrants were issued to a corporation whose president is a director of the Company. The remaining 1,000,000 warrants were issued to a corporation who has a significant shareholding in the Company and whose president is also a director of the Company. These warrants were exercised in October 2001.

f) As at December 31, 2000 and 2001, 650,000 common shares are held in escrow pursuant to the terms of a corporate acquisition related to a prior year. The terms of the release of the 650,000 common shares from escrow have not been met and under the escrow agreement terms these share are eligible for cancellation on October 21, 2005.

g) The Company has a stock option plan under which officers, directors, consultants and employees are eligible to receive stock options. On December 31, 2001, 10% of issued common shares, 12,845,792 (2000 - 12,530,792) were available for issuance under the plan. Options granted under the plan prior to February 23, 2001 have a term of five years and vest one-third on issue and the remaining two-thirds on the first and second anniversary date of the initial grant. Options issued subsequent to February 23, 2001, vest one third in the year following issue and one third each year thereafter and are fully vested at the end of the fourth year. The exercise price of each option equals the market price of the Company's common shares on the date of grant. On December 31, 2001, 11,270,000 (2000 - 6,950,000) options were outstanding under the plan.

(expressed in united states dollars, unless otherwise stated)

A summary of the Company's stock option plan as of December 31, 2001 and changes during the year ended December 31, 2001 and 2000 are as follows:

	2001		2000	
	Number of Options	Weighted Average Exercise Price ($ CDN)	Number of Options	Weighted Average Exercise Price ($ CDN)
Outstanding, beginning of year	6,950,000	0.10	4,985,000	0.10
Cancelled	(250,000)	0.10	(15,000)	0.10
Granted	5,220,000	0.49	2,000,000	0.10
Exercised	(650,000)	0.10	(20,000)	0.10
Outstanding, end of year	11,270,000	0.28	6,950,000	0.10
Exercisable, end of year	5,813,333	0.28	3,966,667	0.10

	Options Outstanding			Options Exercisable	
Range of Exercise Prices ($)	Number Outstanding	Average Remaining Life in Years	Weighted Average Exercise Price ($)	Number Exercisable	Weighted Average Exercise Price ($)
0.10	6,050,000	2.9	0.10	5,383,333	0.10
0.17	1,020,000	4.1	0.17	430,000	0.17
0.57	4,200,000	4.5	0.57	-	0.57
	11,270,000			5,813,333	

6. PER SHARE AMOUNTS

Effective January 1, 2001, the Company retroactively adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to the computation, presentation and disclosure of earnings and cash flow from operations per share. Under the new standard, the treasury stock method is used instead of the imputed earnings method to determine the dilutive effect of stock options and warrants. Under the treasury stock method, only "in the money" dilutive instruments impact the diluted calculations.

Prior year diluted net earnings per share and cash flow from operations per share have been restated for this change.

	2001	2000
Basic		
Earnings (loss) per share	$ (0.000)	$ 0.004
Cash flow from operations per share	$ 0.005	$ 0.012
Weighted average number of shares outstanding	126,185,865	107,088,856
Diluted		
Earnings (loss) per share	$ (0.000)	$ 0.004
Cash flow from operations per share	$ 0.003	$ 0.011
Weighted average number of shares outstanding	153,745,581	116,593,336

If the imputed earnings method had been used, the reported amounts would have been:

	2001	2000
Diluted		
Earnings (loss) per share	$ (0.000)	$ 0.004
Cash flow from operations per share	$ 0.003	$ 0.010
Weighted average number of shares outstanding	173,940,812	126,225,479

The number of shares used to calculate diluted earnings (loss) and cash flow from operations per share for the year ended December 31, 2001 of 153,745,581 (2000 - 116,593,336) included the weighted average number of shares outstanding of 126,185,865 (2000 - 107,088,856) plus 27,559,716 (2000 - 8,704,480) shares related to the dilutive effect of stock options.

(expressed in united states dollars, unless otherwise stated)

The diluted net earnings and cash flow from operations per share discussed above did not include 4,200,000 (2000 - Nil) of share options, because the respective exercise prices exceeded the average market price of the common shares, as the effect would be anti-dilutive.

7. INCOME TAXES

Income tax expense differs from that which would be expected from applying the effective Canadian federal and provincial income tax rates of 42.62% (2000 - 44.62%) to the loss before future income taxes as follows:

	2001	2000
Expected tax	$ 53,570	$ 359,809
Increase resulting from:		
Non-deductible crown payments, net of Alberta Royalty Tax Credits	30,319	41,187
Resource allowance	32,356	22,275
Future income taxes benefit not recognized (recoveries)	53,884	(22,267)
Foreign tax rate difference	5,270	(1,693)
Gain on sale of asset	-	(111,102)
Non-deductible foreign exchange	68,178	49,049
Tax rate change	10,315	-
Other	12,610	9,917
Provision for income taxes	$ 266,502	$ 347,175

The components of the future income tax (liability) asset at December 31, 2001 and 2000 are as follows:

	2001	2000
Temporary differences related to assets and liabilities	$ (383,353)	$ (273,010)
Future site restoration	13,080	11,704
Finance expense charged to shareholders' equity	30,323	65,362
	$ (339,950)	$ (195,944)

8. COMMITMENTS

The Company is committed under leases on their office premises for future minimum rental payments excluding operating costs as follows:

2002	$ 33,712
2003	28,094
	$ 61,806

The Company, under the terms of the farm out agreement dated August 20, 1999 has a commitment to fund its share of one exploration well by February 2003.

Under the terms of the purchase and sale agreement with Petrolera de Comahue, the Company is required to drill three wells by July 1, 2003 or the vendor will have the option to farm in on the concessions.

9. RELATED PARTY TRANSACTIONS

At December 31, 2001, accounts receivable includes $121,721 (2000 - $233,203) from a corporation whose President is also a director of the Company. These amounts relate to normal operating transactions between the two parties.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

(expressed in united states dollars, unless otherwise stated)

10. FINANCIAL INSTRUMENTS

Fair values

The fair values of all financial instruments which include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, approximate their carrying values, due to the short-term nature of these balances.

Risk management

The nature of the Company's operation results in exposure to fluctuations in commodity prices and exchange rates. The Company monitors and, when appropriate, utilizes derivative financial instruments to hedge its exposure to these risks. The Company is exposed to credit-related losses in the event of non-performance by counter-parties to the financial instruments. The Company only deals with major institutions and does not anticipate non-performance by counter-parties. In 2001, as the result of the oil hedge contracts, petroleum and natural gas revenues included gains totaling $10,863.

On September 19, 2000, the Company entered into a six month forward contract for the sale of 40 barrels of oil per day at a fixed price of CDN$48.50 per barrel. The term of the contract is from October 1, 2000 to March 31, 2001.

11. SUPPLEMENTARY CASH FLOW INFORMATION

The following cash payment has been included in operations:

	2001	2000
Interest paid	$ -	$ -
Taxes paid	$ 250,000	$ -

12. SEGMENTED INFORMATION

The Company has operations in Canada, Argentina and Trinidad for 2001 and 2000. The Company's entire operating activities are related to exploration, development and production of petroleum and natural gas.

	2001	2000
PETROLEUM AND NATURAL GAS REVENUE		
Canada	$ 1,390,863	$ 1,946,193
Argentina	158,424	40,945
	$ 1,549,287	$ 1,987,138
NET (LOSS) EARNINGS		
Canada	$ (11,342)	$ 476,954
Argentina	(113,640)	(17,744)
Trinidad	(15,827)	-
	$ (140,809)	$ 459,210
CASH FLOW (OUTFLOW) FROM OPERATIONS		
Canada	$ 677,776	$ 1,253,541
Argentina	(82,477)	(14,089)
Trinidad	(15,827)	-
	$ 579,472	$ 1,239,452
CAPITAL ASSET ADDITIONS		
Canada	$ 371,736	$ 610,537
Argentina	248,904	153,007
Trinidad	5,476,059	2,250,587
	$ 6,096,699	$ 3,014,131
TOTAL IDENTIFIABLE ASSETS		
Canada	$ 4,106,084	$ 6,700,648
Argentina	1,523,820	1,224,043
Trinidad	8,984,025	2,250,587
	$ 14,613,929	$10,175,178

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